

Property Investment Syndicate No. 3

Fund Fact Sheet – 24 December 2009



Inception date	24 February 1999
Applications	Closed to applications
Withdrawals	On termination only
Income distributions	Quarterly

Overview of changes since last update

This Fund Fact Sheet has been updated as at 24 December 2009 (from its previous issue on 30 September 2009) to reflect an update to the Syndicate's underlying properties, distribution policy, tenant information and borrowings position. Refer to pages 1, 5 and 7 for further details.

Investors should note that the Responsible Entity has commenced the wind up process for the Syndicate.

About the Syndicate

The Australian Unity Property Investment Syndicate No. 3 ('Syndicate') is a fixed term unlisted property investment that gains its property exposure by investing solely in the Australian Unity Property Syndicate No. 3 (the 'Underlying Syndicate').

We are in the process of winding up the Syndicate and Underlying Syndicate and have sold one of the Underlying Syndicate's four properties to date.

We are currently marketing the remaining properties with the aim to conclude sales by December 2010. As each property is successfully sold, we intend to distribute sale proceeds (after repayment of borrowings and any applicable taxes are deducted) to investors.

The primary difference between the Syndicate and the Underlying Syndicate is the borrowing arrangements. For the Syndicate, borrowings are in the name of the Syndicate and interest expenses are paid from the Syndicate's net income. Whereas, in the Underlying Syndicate, borrowings are in the names of the investors and interest expenses are paid from gross distributions to investors.

What does the Syndicate invest in?

The Syndicate acquires interests in the Underlying Syndicate. Details of the Underlying Syndicate are provided on page 3.

Structure of the Australian Unity Property Investment Syndicate No.3

Investor applications are pooled together with borrowings from lenders to purchase interests in the Underlying Syndicate. A small amount of cash is retained in the Syndicate to meet the Syndicate's day to day operating needs.

Interest earned on cash holdings and distributions from the Syndicate's holdings in the Underlying Syndicate provide income for the Syndicate. This income is used to meet interest expenses on borrowings, management fees and ongoing Syndicate expenses. We may also retain some income as a provision for future expenses or to reduce borrowings. Once these costs and provisions are met, the remaining income is distributed to investors.

The capital growth (or loss) on your investment is attributed to movements in the Syndicate's underlying assets and the level of borrowings the Syndicate has.

Borrowings

The Syndicate borrows to finance the acquisition of assets (primarily interests in the Underlying Syndicate).

Generally, interest costs relating to the borrowings will be met from the gross income of the Syndicate prior to the payment of distributions to investors.

The lender's rights to recover the total due under the loan, and then the rights of any creditors of the Syndicate, will rank ahead of all investors. Importantly the lender does not have any recourse to investors.

The information in the table below is taken from the values recorded as at 30 September 2009, and is not based upon audited financial records. .

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Borrowing details as at 30 September 2009

Total Syndicate size (Gross Assets)	\$4.47m ⁽⁵⁾
Gearing ratio ⁽¹⁾	44.45% ⁽⁵⁾
Interest cover ratio ⁽²⁾	4.69 times
% of borrowings hedged	0%
Borrowing facility limit ⁽³⁾	\$7.90m
Borrowing facility drawn amount ⁽⁴⁾	\$1.99m
Borrowing facility maturity	31 May 2011
Hedge facility expiry	NA

(1) The gearing ratio is calculated as total interest bearing liabilities divided by total assets, and indicates the extent to which the Syndicate's assets are expected to be funded by external liabilities (borrowings). Generally, a higher gearing ratio means that a Syndicate is exposed to a higher level of risk

(2) The interest cover ratio measures the ability of the Syndicate to service the interest on borrowings from net earnings. This calculation shows that the Syndicate currently generates income after fees which is 4.69 times the level of interest payments due. This means that the Syndicate can service interest payments despite reasonable changes to the interest rate and occupancy rate.

(3) There is a single borrowing facility for the Syndicate and the Underlying Syndicate. The borrowing facility limit shown above is the aggregate applying to both Syndicates.

(4) This amount represents the proportionate amount borrowed by the Syndicate. For the total amount borrowed investors should refer to the Underlying Syndicate's Fund Fact sheet available on our website.

(5) These figures represent the amounts used for unit pricing and fund valuation purposes and vary slightly from the annual financial accounts due to adjustments in the annual financial accounts required by the International Financial Reporting Standards.

Borrowing covenants

We are within the limits of our borrowing facilities and have no breaches of any financial covenants at the date of this document.

Distributions

The Syndicate resumed distributions for the September 2009 quarter due to the Underlying Syndicate's reletting of 27 Commercial Drive, Dandenong and its subsequent sale.

Distributions are currently met from net realised income and net realised capital gains and are paid quarterly.

It is not our intention to source distribution payments from sources other than net realised income, although we may do so if we consider it to be in the interests of our investors (for example if rental income is suddenly reduced unexpectedly) and where payment from that

source is sustainable. We would notify investors if this occurred.

Withdrawals

The Syndicate is a fixed term investment. Withdrawals are not provided for. Investors will receive proceeds of their investment after the termination date and the sale of the properties from the Underlying Syndicate, unless investors decide to extend the Syndicate and the Underlying Syndicate.

Who are the people managing your investment

Australian Unity Property Limited is the investment manager. We are careful, sensible and successful property managers and our property team is one of the most experienced in the market.

We have a long track record in managing property in all the major sectors and understand the markets and environment they operate in.

These key people are responsible for managing the Syndicate:



David Bryant

Head of Australian Unity Investments

Mr Bryant is the Group Executive - Investments and Chief Investment Officer of Australian Unity Investments, which has more than A\$10 billion in funds under management (as at 18 November 2009). Australian Unity Investments manages money on behalf of both institutional and retail investors in the areas of Australian and international equities, property, fixed interest and cash securities, and mortgages.

Mr Bryant joined Australian Unity Investments in 2004 and is a director of all of its major operating companies, their investment subsidiaries and is a member of their respective investment committees. He is responsible for the commercial development and profitability of the business, including investment and lending decisions, and all related support services such as business development, marketing, distribution, product development, compliance, administration and treasury.

Mr Bryant is a member of the Investment & Financial Services Association Investment Board Committee, and has over 25 years experience in investment and financial services with organisations such as Westpac, State Street Bank, Perpetual and Intech.

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Martin Hession
Head of Property
Australian Unity Investments

Mr Hession joined Australian Unity in 2002 and has responsibility for Australian Unity Investments' property portfolio, valued in excess of \$1 billion (as at 18 November 2009). His experience in property includes portfolio management, commercial and land development, and real estate agency management over 30 years.

Prior to joining Australian Unity Investments, Mr Hession was General Manager - Property at AXA Australia. Earlier roles include Managing Director of LJ Hooker (Victoria); Managing Director of Baillieu Knight Frank (SA); and Chief Executive of Hillier Parker (Victoria).



Chris Smith
Portfolio Manager – Healthcare &
Industrial Property

Mr Smith joined Australian Unity Investments in 2001. He has responsibility for the performance and management of Australian Unity Investments' healthcare and industrial property portfolio.

Mr Smith has over 20 years experience in portfolio and property management, gained during his time in senior roles with Jones Lang LaSalle and Coles Myer. Chris recently completed a Post Graduate Certificate of Business Administration, through RMIT University.

Portfolio details

The Australian Unity Property Investment Syndicate No.3 obtains its full property exposure through the Underlying Syndicate. The Australian Unity Property Investment Syndicate No.3 does not have any direct property exposure.

Related party transactions

All transactions we enter into in relation to the Syndicate, including those with related parties, are on arm's length commercial terms.

Entities within the Australian Unity Group provide property management, registry, accounting and tax services to the Syndicate for fees charged at a commercial rate.

Policies and procedures are in place to manage the risk of any actual or perceived conflict of interest as a result of a related party transaction. Related party transactions with

Australian Unity Group entities are reviewed and approved by senior management with clearly identified governed policies and guidelines. All decisions in relation to conflicts of interest and all related party transactions are documented. Policies and guidelines are generally reviewed annually.

Details of material related party transactions are reported yearly as part of the Syndicate's audited annual accounts. The latest annual audited accounts for the Syndicate can be found on our website australianunityinvestments.com.au

Investments in related parties as at 30 September 2009

In accordance with its investment approach the Syndicate has a 26.46% interest (\$4.47m) in the Australian Unity Property Syndicate No.3.

The Underlying Syndicate (Australian Unity Property Syndicate No.3)

Important note - the following information is related to the Underlying Syndicate that the Australian Unity Property Investment Syndicate No.3 invests into. Investors should also refer to the Australian Unity Property Syndicate No.3's Fund Fact sheet for further information. The Fund Fact sheet is available on our website australianunityinvestments.com.au.

About the Underlying Syndicate

The Australian Unity Property Syndicate No.3 is a direct property investment. The Syndicate is a fixed term investment which expired on 30 November 2009.

We are in the process of winding up the Syndicate and Underlying Syndicate and have sold one of the four properties to date.

What is the Underlying Syndicate's investment strategy?

The Underlying Syndicate acquired its properties at commencement. The Syndicate's properties are managed to maximise rental income and some capital expenditure may be undertaken to enhance their value.

Underlying Syndicate Borrowings

The Underlying Syndicate does not borrow directly.

Who are the people managing the Underlying Syndicate

The same key people that manage the Syndicate also manage the Underlying Syndicate. Their details are provided on page 2.

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Portfolio details of the Underlying Syndicate

The Underlying Syndicate has direct properties located in Melbourne, Victoria.

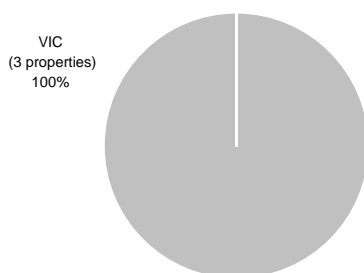
The information in the tables below is taken from the Underlying Syndicate's accounts as at 30 September 2009, and is not based upon audited financial records..

Underlying Syndicate asset allocation as at 30 September 2009	
Direct Property	88.55%
Cash & cash equivalents	11.45%
Total	100.00%

Direct property portfolio as at 30 September 2009

	Independent valuation			Book value
	Date	(\$m)	Cap rate %	(\$m)
Property 1	May 2009	7.10	8.50	7.10
Property 2	May 2009	4.40	8.50	4.40
Property 3	May 2009	3.80	8.00	3.80

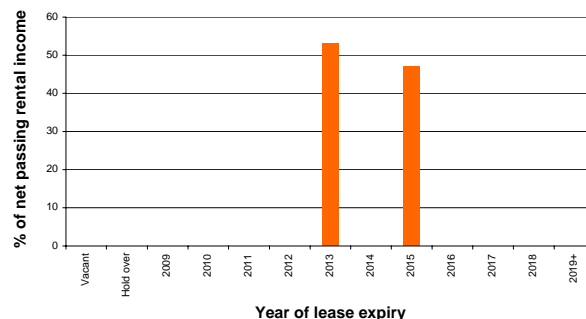
Property geographic allocation as at 30 September 2009



Underlying Syndicate direct property occupancy and lease details as at 30 September 2009

Occupancy rate by area	100%	
Weighted average lease expiry by income (excluding vacancies)	4.91 years	
Major tenants and % of net base rental income	Packcentre Marketing	53.46%
	DTM Pty Ltd	29.75%
	Melrose Laboratories Pty Ltd	24.16%

Underlying Syndicate direct property lease expiry profile as at 30 September 2009



Valuation of properties for the Underlying Syndicate

Regular valuation of underlying property assets is an important aspect of managing the Syndicate and the Underlying Syndicate in the best interests of all investors. The valuations are conducted by qualified independent valuers in accordance with industry standards.

We have a policy of generally obtaining independent valuations on our properties each year.

Contact us

Address	114 Albert Road South Melbourne, VIC 3205
Investor Services	13 29 39
Adviser Services	1800 649 033
Website	australianunityinvestments.com.au
Email	investments@australianunity.com.au

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